The WELL

Whole Earth Lectronic Link
27 Gate 5 Road, Sausalito, CA 94965-9976
415/332-6106 (modem); 415/332-4335 (voice)

December 27, 1990

NOTES here compared budget adopted in Jan 91 to that proposed in Oct 90.

To: WELL Board of Directors
From: Cliff Figallo
Subject: Upcoming board meeting and 1991 budget

The next meeting of the Board of Directors of the Whole Earth Lectronic Link is scheduled for Saturday, January 26 at 9AM at the offices of the WELL in Sausalito.

Enclosed you will find Summary and Detailed Budget Proposals for the coming year. As directed by the Board, I have downscaled the revenue projections from the figures presented at the October meeting. There are other changes included, also. Some of these changes simply carry forward from actual performance figures entered since that meeting. Other significant changes include the following:

- decreased growth rate 33% to 21%
INCR Jan rev. from 75.6 to 79.2k to reflect actual 90 yr-end levels.

Pricing change from $8/month and $2/hour to $10/month and $3/hour.

Effects: loss of 25% of idle accounts (10% of total payers)
increase in average usage to 8 hours per month.
increase in growth rate from 70 to 80 users/month.

Issue of five free hours to each new WELL subscriber.

Effects: reduction in total revenue of 5 x $2 x 80 = $800/month.

Reduction in CompuServe packet surcharge from $5/hour to $4.50/hr.

Effects: slight increase in CPN usage and expenses.

Purchase and resale of GetWELL Mac-based frontend for the WELL (cost to the WELL of $40/unit for first 300 copies with sale price of $80.)

Effects: that we will buy 100 copies at a time (for $4000)and sell them at a rate of 20/month ($1600/month Other Revenue).

3/7/91 MAJOR SOURCES OF NET DECR IN NET INCOME (EBT).

DISK STORAGE CHGS to 24 000 from 69,000 − 45,000
FEES — MONTHLY to 488 " 434 +54 } − 16,000
to 546 " 616 −70 }
−61,000

PERSONNEL +9,000 } NET −70,000
WAS 222
NOW 157
CHANGE: −65

Purchase (in December 1990) of collection services in the amount of $7297 for the coming year, booked as Other Receivable (prepaid expense), and expensed as Outside Professional Service (OPS) at the monthly rate of $608. This purchase was made in order to collect on current and future problem accounts. The contract guarantees at least a 200% payback.

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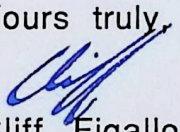
A proposed agenda for the meeting will follow. Two items, besides the 1991 budget, which will be included are:

Internet connection for the WELL.

The possible development in-house of a Mac/PC frontend for the WELL using the MacWorkstation toolkit.

Approximate budget figures for these projects are forthcoming.

Yours truly,



Cliff Figallo

cc: sbb, kk, lb, mw, ef, kt

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
SUMMARY													
Income Statement													
Total Revenue	79,296	78,330	79,764	81,198	82,632	84,066	85,500	86,934	88,368	89,802	91,237	92,671	1,019,799
EXPENSES													
Personnel	30,057	28,645	28,645	30,220	28,645	28,645	31,223	28,922	29,088	31,631	30,121	30,121	355,963
Computer Operations	22,783	27,166	24,500	23,935	24,321	24,707	29,595	25,984	26,374	26,765	27,907	32,315	316,352
Sales/Marketing	1,279	1,304	4,329	1,355	1,382	1,410	1,439	1,470	1,501	1,533	1,566	1,601	20,169
Office	3,378	3,425	3,474	3,524	3,576	3,630	3,685	3,741	3,800	3,860	3,923	3,987	44,004
Customer Support	1,975	1,978	2,030	2,033	2,035	2,038	2,041	2,044	2,047	2,050	2,053	2,056	24,378
General & Administrative	8,112	7,417	8,426	8,360	7,702	8,778	8,655	7,997	8,365	10,241	8,585	8,054	100,691
Total Expenses	67,585	69,935	71,404	69,427	67,662	69,209	76,637	70,158	71,174	76,080	74,154	78,133	861,559
EBIT	11,711	8,395	8,359	11,771	14,970	14,857	8,863	16,776	17,195	13,722	17,082	14,537	158,240
Interest Income/Expense	(118)	(96)	(43)	(40)	(174)	(128)	(79)	(87)	(116)	(58)	(43)	23	(959)
EBT	11,593	8,298	8,317	11,732	14,796	14,729	8,784	16,689	17,079	13,664	17,039	14,560	157,281
Corporate Taxes	4,174	2,987	2,994	4,223	5,327	5,302	3,162	6,008	6,148	4,919	6,134	5,242	56,621
Earnings	7,420	5,311	5,323	7,508	9,470	9,426	5,621	10,681	10,930	8,745	10,905	9,319	100,660
Dividends or Buyout payments													
Net Earnings	7,420	5,311	5,323	7,508	9,470	9,426	5,621	10,681	10,930	8,745	10,905	9,319	100,660
Capital Budget Total	9,000	2,000	3,500	4,000			4,000	17,500		4,000			44,000
CASH FLOW ANALYSIS													
Net Earnings	7,420	5,311	5,323	7,508	9,470	9,426	5,621	10,681	10,930	8,745	10,905	9,319	100,660
Sub: Non-Income Cash Uses													
New plant and equipment	(9,000)	(2,000)	(3,500)	(4,000)			(4,000)	(17,500)		(4,000)			(44,000)
Add: Non-Cash Expenses													
Depreciation	2,166	2,315	2,348	2,406	2,473	2,473	2,473	2,539	2,830	2,830	2,896	2,896	30,646
Add: Increases in Liabilities													
Short Term	5,721	(2,222)	(92)	(33,000)	57	(118)	(1,186)	1,734	67	(273)	1,711	(961)	(28,563)
Long Term	(3,094)	(3,101)	(3,128)	(3,115)	(3,129)	(3,130)	(3,143)	(3,145)	(3,153)	(3,166)	(3,169)	(3,181)	(37,654)
Sub: Increases in Non-Cash Assets													
Accounts receivable	5,985	3,332	1,532	(468)	(468)	(468)	(468)	(468)	(468)	(468)	(468)	(1,074)	6,036
Credit card vouchers	(6,322)	1,643	626	1,133	448	(1,031)	(1,179)	(1,193)	(1,195)	(1,195)	(1,195)	(1,195)	(10,656)
Net Cash Flow	2,876	5,279	3,110	(29,536)	8,850	7,152	(1,881)	(7,351)	9,012	2,474	10,681	5,803	16,469
Cash Balance	24,127	29,407	32,516	2,981	11,831	18,983	17,102	9,751	18,762	21,236	31,918	37,721	

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991

The WELL Actuals Jan-Sept 1990 — The WELL Budget Projections for 1991
12/27/90 14:56
C. Figallo — C. Figallo

Model Parameters

86	70	Monthly growth in paying users (21% annual)
62.00%	70.00%	Percent actives to paying users
6.10	31.00%	Annual growth in fixed expenses
25.00%	75.00%	Proportion of monthly revenue which is credit card
70.00%	10.61%	Payroll taxes as percentage of payroll expense
8.70%		Monthly buyout payment or dividend
$9,140.00	$2,500	Monthly payment on NETI advance
$71,523.00	$817.69	Monthly payment on Sequent note
	13%	Sequent Note rate
$2,500.00	6%	Interest on cash in the bank
$817.69	36.00%	Corporate tax rate
6%	90	A/R (days)
27.00%	30	A/P (days)
90	$10.00	Monthly Fee
30	$2.00	Hourly Fee
$8.00	$4.50	Packet Fees
$3.00	$0.50	Leased line fee
$5.00	$0.02	Disk storage per Kilobyte
$0.50	26.00%	Percentage of charges given as complimentary discounts
$0.02		
26.00%		

5.00	Avg Packet Hour Use
38.00%	Percentage of Actives using Packet
$25.00	Registration fee for Invoiced User
8	Avg Hours per Active Payer
25.00	Avg Kb storage over allowance per payer
	Avg hours Leased Line usage
	Percentage of Actives using Leased Lines
5	Number of free hours per new user
$7.50	Price of optional manual
20.00%	Percentage of new users ordering optional manual
$80.00	Price of GetWELL frontend program
$40.00	Cost to WELL of first 300 GetWELLs
20	Number of GetWELLs sold per month

Income Statement

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
Revenue													
Paying Users	3683	3753	3823	3893	3963	4033	4103	4173	4243	4313	4383	4453	
Active Users	2578	2627	2676	2725	2774	2823	2872	2921	2970	3019	3068	3117	
Average Active Hours/User	8	8	8	8	8	8	8	8	8	8	8	8	
Packet Users	980	998	1017	1036	1054	1073	1091	1110	1129	1147	1166	1184	
Packet hour usage	4,898.39	4,991.49	5,084.59	5,177.69	5,270.79	5,363.89	5,456.99	5,550.09	5,643.19	5,736.29	5,829.39	5,922.49	
Leased line usage													
Monthly fees	36,830	37,530	38,230	38,930	39,630	40,330	41,030	41,730	42,430	43,130	43,830	44,530	488,160
Hourly fees	41,250	42,034	42,818	43,602	44,386	45,170	45,954	46,738	47,522	48,306	49,090	49,874	546,739
Packet fees	22,043	22,462	22,881	23,300	23,719	24,138	24,556	24,975	25,394	25,813	26,232	26,651	292,164
Leased line fees													
Disk storage	1,842	1,877	1,912	1,947	1,982	2,017	2,052	2,087	2,122	2,157	2,192	2,227	24,408
Other Revenue (Reg Fees, Manuals, Softwar	543	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	2,143	24,110
Discounts	23,211	27,714	28,218	28,722	29,226	29,730	30,234	30,738	31,242	31,745	32,249	32,753	355,782
Total Revenue	79,296	78,330	79,764	81,198	82,632	84,066	85,500	86,934	88,368	89,802	91,237	92,671	1,019,799

vs.
5045 - 600
3228 - 11
6.1
1189
4754 + 1168

vs.
434 + 54 } - 16
616 - 70 }
255 + 37 (offset)
69 - 45
7 + 17 (offset)
357 - 2

-16 mo.+hrly
-45 disk stor
-61

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
EXPENSES													
Personnel													
Director	5,730	4,455	4,455	5,878	4,455	4,455	6,535	4,455	4,455	6,596	4,455	4,455	60,376
System Admin	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,150	3,150	3,150	3,150	36,600
Engineer	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Customer Support	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
Marketing Director	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	42,000
Accounts Manager	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,150	3,308	3,308	3,308	38,273
Admin. Asst.	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800
Bookkeeper	500	500	500	500	500	500	750	750	750	750	750	750	7,500
Payroll Taxes	2,735	2,600	2,600	2,751	2,600	2,600	2,847	2,626	2,642	2,886	2,659	2,659	32,206
Benefits	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	1,541	2,400	2,400	20,209
	30,057	28,645	28,645	30,220	28,645	28,645	31,223	28,922	29,088	31,631	30,121	30,121	355,963
Computer Operations													
Computer Space Rent	450	450	450	450	450	450	450	450	450	450	450	450	5,400
Electricity	301	307	313	319	325	331	337	344	350	357	364	370	4,016
Hardware	50	50	1,000	50	50	50	50	50	50	50	50	50	1,550
Software (System and re-sale)	50	4,050	50	50	50	50	4,050	50	50	50	50	4,050	12,600
Modems	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Maintenance & Repair	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	18,000
Packet Services	17,634	17,969	18,305	18,640	18,975	19,310	19,645	19,980	20,315	20,651	20,986	21,321	233,731
Phone Services	2,098	2,140	2,183	2,227	2,271	2,316	2,363	2,410	2,458	2,507	3,308	3,374	29,655
Contract Programming	500	500	500	500	500	500	1,000	1,000	1,000	1,000	1,000	1,000	9,000
	22,783	27,166	24,500	23,935	24,321	24,707	29,595	25,984	26,374	26,765	27,907	32,315	316,352
Sales/Marketing													
Travel & entertainment	200	207	214	222	230	238	246	254	263	273	282	292	2,920
Promotional materials	500	518	3,536	554	574	594	615	636	658	681	705	730	10,301
Advertising	400	400	400	400	400	400	400	400	400	400	400	400	4,800
Network subscriptions	75	75	75	75	75	75	75	75	75	75	75	75	900
Telephone													
Complimentary WELL time	104	104	104	104	104	104	104	104	104	104	104	104	1,248
	1,279	1,304	4,329	1,355	1,382	1,410	1,439	1,470	1,501	1,533	1,566	1,601	20,169

7/26: base was 4,245 — this is 5% higher

2d QTR 1990 90 89

48 ~13,000 13,488 11,550

35.6 8,420 8,088

— ?

37.5 9,450 9000

33.6 → was 36.6 $9,900(b)

? 4.8 → was 6.0

vs 346.8

5400 ✓

5378

1500 ✓

600 **

2400 ✓

18000 ✓ *

204,625

27,352

9000. ✓

269.3

	2d QTR 90	2d QTR 91	
ACCTS MGR.	8,400	9,450	1.125
MKTG DIR	9,450	10,500	1.111
DIRECTOR	~~13,365~~ 12,127(b)	~~12,127 (b)~~ 13,365. was 12,735	→ 1.102 - corrected.

* 6.1 hr./packet user increased to 8.9

offset by packet fees up 37k.

* offset by increased revenue.

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
Office													
Office Rent	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	21,600
Utilities	124	129	133	138	143	148	153	158	164	169	175	181	1,814
Postage	302	308	313	319	325	331	336	342	348	354	359	365	4,003
Computer Hardware	30	30	30	30	30	30	30	30	30	30	30	30	360
Computer Software	50	50	50	50	50	50	50	50	50	50	50	50	600
Phones	486	503	521	539	558	578	598	619	640	663	686	710	7,101
Office Supplies	422	437	452	468	484	501	519	537	556	575	595	616	6,162
Temp Labor	94	97	100	104	107	111	115	119	123	128	132	137	1,368
Repairs & Maintenance	50	52	54	55	57	59	61	64	66	68	71	73	730
Communications	20	20	21	21	22	22	22	23	23	24	24	25	267
	3,378	3,425	3,474	3,524	3,576	3,630	3,685	3,741	3,800	3,860	3,923	3,987	44,004
Customer Support													
Support Materials	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	1,505	18,060
Postage	280	280	280	280	280	280	280	280	280	280	280	280	3,360
Labor	40	40	40	40	40	40	40	40	40	40	40	40	480
Complimentary WELL Time	150	153	155	158	160	163	166	169	172	175	178	181	1,978
Training			50	50	50	50	50	50	50	50	50	50	500
	1,975	1,978	2,030	2,033	2,035	2,038	2,041	2,044	2,047	2,050	2,053	2,056	24,378
General & Administrative													
Insurance	350	350	350	350	350	350	350	350	350	350	350	350	4,200
Depreciation	2,166	2,315	2,348	2,406	2,473	2,473	2,473	2,539	2,830	2,830	2,896	2,896	30,646
Bad Debts	2,379	2,350	2,393	2,436	2,479	2,522	2,565	2,608	2,651	2,694	2,737	2,780	30,594
Outside Professional Services	608	608	1,608	608	608	1,608	608	608	608	1,608	608		9,689
Bank Fees	1,610	1,590	1,619	1,648	1,677	1,707	1,736	1,765	1,794	1,823	1,852	1,881	20,702
Miscellaneous	100	104	107	111	115	119	123	127	132	136	141	146	1,460
Non-taxable Donations	100	100											200
Board-related Expenses	800			800			800			800			3,200
	8,112	7,417	8,426	8,360	7,702	8,778	8,655	7,997	8,365	10,241	8,585	8,054	100,691
Total Expenses	67,585	69,935	71,404	69,427	67,662	69,209	76,637	70,158	71,174	76,080	74,154	78,133	861,559
Earnings Before Interest & Taxes	11,711	8,395	8,359	11,771	14,970	14,857	8,863	16,776	17,195	13,722	17,082	14,537	158,240

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
Interest Income (Expense)													
Interest rec'd from cash in bank	106	121	147	163	15	59	95	86	49	94	106	160	1,199
Sequent loan interest paid	(224)	(217)	(190)	(202)	(189)	(188)	(174)	(172)	(165)	(152)	(149)	(137)	(2,159)
	(118)	(96)	(43)	(40)	(174)	(128)	(79)	(87)	(116)	(58)	(43)	23	(959)
Earnings Before Taxes	11,593	8,298	8,317	11,732	14,796	14,729	8,784	16,689	17,079	13,664	17,039	14,560	157,281
Corporate taxes	4,174	2,987	2,994	4,223	5,327	5,302	3,162	6,008	6,148	4,919	6,134	5,242	56,621
Earnings	7,420	5,311	5,323	7,508	9,470	9,426	5,621	10,681	10,930	8,745	10,905	9,319	100,660
Dividends													
Net Earnings	7,420	5,311	5,323	7,508	9,470	9,426	5,621	10,681	10,930	8,745	10,905	9,319	100,660
Capital Budget													
Sequent expansion	5,000	Ports	3,500	Processors				17,500	Dynix Upgrade				26,000
Modems	4,000			4,000			4,000			4,000			16,000
Office equipment													
Other		2,000	LAN										2,000
	9,000	2,000	3,500	4,000			4,000	17,500		4,000			44,000

BALANCE SHEET

	Jan-91	Feb-91	Mar-91	Apr-91	May-91	Jun-91	Jul-91	Aug-91	Sep-91	Oct-91	Nov-91	Dec-91	1991
Short Term Assets													
Cash in bank	24,127	29,407	32,516	2,981	11,831	18,983	17,102	9,751	18,762	21,236	31,918	37,721	
Accounts receivable	59,472	58,747	59,823	60,899	61,974	63,050	64,125	65,201	66,276	67,352	68,427	69,503	
Credit card vouchers	72,759	71,116	70,490	69,357	68,910	69,941	71,119	72,313	73,508	74,703	75,898	77,093	
Other	10,082	7,474	4,866	4,258	3,650	3,042	2,434	1,826	1,218	610	2		
	166,440	166,744	167,695	137,494	146,364	155,014	154,780	149,090	159,764	163,900	176,244	184,317	
Long Term Assets													
P & E	175,368	177,368	180,868	184,868	184,868	184,868	188,868	206,368	206,368	210,368	210,368	210,368	
Accumulated depreciation	(42,147)	(44,463)	(46,811)	(49,217)	(51,690)	(54,163)	(56,636)	(59,175)	(62,005)	(64,835)	(67,731)	(70,627)	
	133,220	132,905	134,057	135,650	133,177	130,704	132,231	147,192	144,362	145,532	142,636	139,740	
	299,660	299,649	301,751	273,144	279,541	285,719	287,011	296,282	304,126	309,433	318,880	324,057	
Short Term Liabilities													
Prepaid usage	7,053	6,553	6,053	5,553	5,053	4,553	4,053	3,553	3,053	2,553	2,053	1,553	
Accounts payable	23,221	22,821	23,223	24,425	24,030	24,436	25,643	25,252	25,663	26,875	28,099	28,530	
Sequent loan (current period)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	
NETI loan (current period)	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	
Payroll* taxes payable	2,735	2,600	2,600	2,751	2,600	2,600	2,847	2,626	2,642	2,886	2,659	2,659	
Corporate taxes payable	39,257	38,071	38,078	4,223	5,327	5,302	3,162	6,008	6,148	4,919	6,134	5,242	
	109,767	107,546	107,453	74,453	74,510	74,391	73,206	74,940	75,007	74,734	76,445	75,484	
Long Term Liabilities													
NETI advance	30,000	27,500	25,000	22,500	20,000	17,500	15,000	12,500	10,000	7,500	5,000	2,500	
Sequent loan	10,750	10,149	9,521	8,906	8,277	7,647	7,003	6,358	5,705	5,039	4,371	3,690	
	40,750	37,649	34,521	31,406	28,277	25,147	22,003	18,858	15,705	12,539	9,371	6,190	
Stockholders Equity													
Common Stockholders	27,990	27,990	27,990	27,990	27,990	27,990	27,990	27,990	27,990	27,990	27,990	27,990	
Retained earnings	113,734	113,734	113,734	113,734	113,734	113,734	113,734	113,734	113,734	113,734	113,734	113,734	
Current Period Earnings	7,420	12,731	18,054	25,562	35,031	44,458	50,079	60,760	71,691	80,436	91,341	100,660	
	149,143	154,454	159,777	167,285	176,755	186,181	191,803	202,484	213,414	222,159	233,064	242,383	
	299,660	299,649	301,751	273,144	279,541	285,719	287,011	296,282	304,126	309,433	318,880	324,057	